GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2537
ANSWERED ON:07.03.2003
FACILITIES TO DOMESTIC INVESTORS
PADAMSEN CHAUDHARY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government propose to provide facilities to the domestic investors at par with the foreign investors;

(b) if so, the details thereof;

(c) the number of investors likely to be benefited therefrom; and

(d) if not, the other steps taken to protect the interests of domestic investors so that they may compete with the foreign investors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) to (c): The Reserve Bank of India has intimated that vide itscircular dated 13th January,2003, RBI has permitted the following relaxations on investments by corporates, individuals and mutual funds:

i) Corporates

Listed Indian companies are permitted to invest abroad in companies, (a) listed on a recognised stock exchange and (b) which has the shareholding of at least 10 per cent in an Indian company listed on a recognised stock exchange in India (as on 1st January of the year of the investment). Such investments shall not exceed 25 per cent of the Indian company`s net worth, as on the date of latest audited balance sheet.

ii) Individuals

Resident individuals are permitted to invest in overseas companies indicated at (i) above without any monetary limit.

iii) Investment by Mutual Funds

At present, Mutual Funds are permitted to invest in ADRs/GDRs ofthe Indian companies and rated debt instruments, within an overall cap of USD 500 million. It has now been decided to permit MutualFunds to also invest in equity of overseas companies indicated at (i) above. It has also been decided to enhance the overall cap to USD 1 billion.

(d) In view of above, does not arise.